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28 September 1961

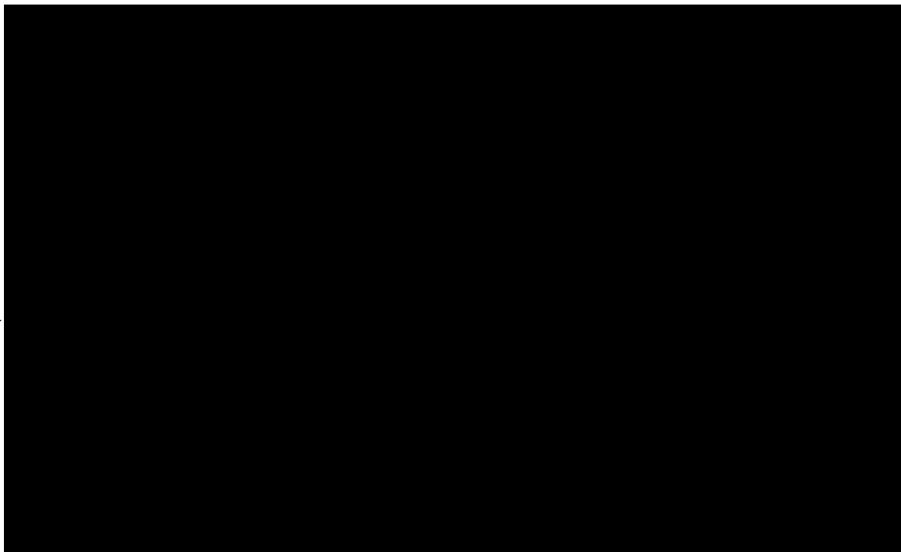
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CURRENT INTELLIGENCE WEEKLY REVIEW

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CURRENT INTELLIGENCE WEEKLY REVIEW

BRAZIL

Brazilian President Joao Goulart appears to have strengthened his political position steadily during the past three weeks, despite the constitutional amendment of 2 September transferring executive power to a prime minister. Prime Minister Tancredo Neves seems to be working with Goulart rather than competing for power. Goulart and his political allies have dropped their campaign for an early plebiscite to rescind the constitutional amendment, and [REDACTED] recently that Goulart was in fact wielding the former powers of the presidency.

In the distribution of cabinet posts on 8 September, the President apparently failed to secure the lucrative Public Works Ministry portfolio for a member of his Labor party, but men from his home state of Rio Grande do Sul have been appointed to several key economic posts, including the presidencies of the Bank of Brazil and of the Economic Development Bank. The head of the President's civil "household"--a post normally reserved for the chief political "fixer"--is Professor Hermes Lima, who criticizes the US economic system but insists that Brazil must align itself with the United States politically. Pro-US Antonio Balbino, former governor of Bahia, is also acting as political assistant to Goulart. The strongly anti-Communist General Amaury Kruel has been appointed head of the military "household."

The Brazilian Communist party (PCB) and Peasant Leagues leader Francisco Juliao are reported hopeful of actions and

appointments by the new administration which will allow them to increase their influence. Goulart has appointed Raul Riff, a Communist party member, as his private secretary. The new attorney general, Evandro Lins, who accompanied Goulart on his recent trip to Peiping has a long record of supporting Communist causes, has attended Communist international meetings, and has acted as legal counsel for Communists, although he apparently has not been active in such matters in the past five years. The new chief of police in Brasilia, army Colonel Carlos Cairoli, is also reported to have Communist associations.

Neves reportedly asked a delegation of Communist labor leaders to support his administration, stating that the government would follow Quadros' foreign policy. The labor leaders are said to have answered that they could not pledge their support until they saw what steps would be taken.

Goulart's initial public statements have been devoid of radicalism. In a message to Congress concerning the economically depressed northeast, for instance, he recommended that the development program for the area include the creation of small, individually owned farms and be free from all political and partisan influence. Goulart's address on 23 September to a large reception, which included a sizable Communist-led student and labor group, was generally cautious, although he did emphasize his association with Getulio Varga--Brazil's one-time dictator and self-styled "father of the poor." [REDACTED]

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